

DOCKET

06-SPPE-2

DATE DEC 18 2006

RECD. DEC 18 2006

Allan J. Thompson
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Orinda, CA 94563

Mary Dyas, Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

December 18, 2006

RE: Docket 06-SPPE-2 ERC Clarification

Dear Ms Dyas,

A question was raised late last week by the Presiding Member and Commissioner's office regarding the apparent discrepancy in the ERC's required to be surrendered by the El Centro Unit 3 Repower Project. The ERC amounts in the Staff Final Initial Study (FIS) are lower than the ERC amounts indicated in the Draft Authority To Construct (ATC) permit to be issued by the Imperial County Air Pollution Control District (ICAPCD).

Applicant, Imperial Irrigation District (IID), recently discussed draft permit conditions with the ICAPCD and discovered that the ICAPCD required offsets to be calculated based on the maximum hourly mass emission pollutant rate. The ICAPCD's rules assume that all operating hours would occur at 40 degrees Fahrenheit (ambient temperature) with duct firing. This combination of operating conditions would occur only a small fraction of the time. IID had previously calculated the project's offset requirements for both the Small Power Plant Exemption and ATC applications based on annual emissions calculations that reflected the full range of ambient temperature conditions over the year and the limitation (accepted by IID in the application to CEC and ICAPCD) that duct firing would occur no more than 3,000 hours per year.

The District's approach increases the project's potential annual emissions of NO_x from 37.18 tons per year to 42.02 tons per year (an increase of 4.84 tons). In addition, the project's annual VOC emissions are increased from 4.79 to 5.21 tons per year, according to the district's interpretation (an increase of 0.42 tons). Finally, annual SO₂ emissions for the project are increased from 7.52 to 7.72 tons per year (an increase of 0.20 tons).

Based on the ICAPCD methodology, the offsets package for the El Centro Repower Project has evolved to the following:

- (a) Surrender of emission reduction due to shutdown of the old unit 3 boiler
 - (i) 42.02 tons NO_x
 - (ii) 1.74 tons of ROC
 - (iii) 0.5 tons of SO₂
 - (iv) 4.43 tons of PM₁₀

- (b) Surrender of additional ERC certificates in the following amounts
 - (i) 6.94 tons of NO_x (additional credits from shutdown of the old Unit 3 used to offset project ROC emissions)
 - (ii) 42.62 tons of SO₂ (to offset the project's net emissions of 7.22 tons for SO₂ plus 35.4 tons to offset 14.16 tons of project PM₁₀ credits)
 - (iii) 9.62 tons of non-combustion PM₁₀ credits

While IID does not agree that the District's approach of estimating project offset requirements is correct or reasonable (based on 8,000 hours of operation for the proposed unit with the pollutant emission rates that correspond to 40 degrees F with duct firing).

Due to schedule concerns, Applicant decided to accept higher ERC values contained in the draft ATC. Applicant is committed to acquire and surrender the greater ERC amounts reflected in the ICAPCD ATC.

Very truly yours

Allan J. Thompson
One of Counsel

CC: Service List (electronically)

Imperial Irrigation District

STATE OF CALIFORNIA

Energy Resources Conservation
and Development Commission

In the Matter of El Centro)
Unit 3 Repower Project)
_____)

Docket No. 06-SPPE-2

PROOF OF SERVICE

Docket

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Declaration of Service

I, Allan J. Thompson, hereby declare that on December 18, 2006, I deposited an original letter to Mary Dyas re: Docket 06-SPPE-2 ERC Clarification, in the United States mail at Orinda, CA with first class postage thereon fully prepaid and addressed to the California Energy Commission, and sent via e-mail a copy of the Prehearing Conference Statement and this Declaration of Service to all parties on the service list. I declare under penalty of perjury that the foregoing is true and correct.

December 18, 2006

Allan J. Thompson



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EL CENTRO REPOWER PROJECT
SMALL POWER PALNT EXEMPTION
DOCKET NO. 06-SPPE-2

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I declare that I transmitted the foregoing document via e-mail, or as indicated by first class postal mail, to the above named on the date indicated thereby. I declare under penalty of perjury that the foregoing is true and correct.

Geoffrey W. Carter

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